

GRAMBLING STATE UNIVERSITY
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/25/09

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**INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana 71245

We have audited the accompanying Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** for the year ended June 30, 2008. The Schedule of Expenditures of Federal Awards is the responsibility of the management of the **University**. Our responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on our audit. The accompanying Schedule of Expenditures of Federal Awards is not a part of the **University's** component unit financial statements for the year ended June 30, 2008. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report had not been issued as of this report issuance date.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133. Those standards and the provisions of OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Expenditures of Federal Awards are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Expenditures of Federal Awards. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Expenditures of Federal Awards. We believe that our audit provides a reasonable basis for our opinion.

**INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)**

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana 71245
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In our opinion, the accompanying Schedule of Expenditures of Federal Awards of **Grambling State University** presents fairly, in all material respects, the expenditures of federal awards for the year ended June 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008 on our consideration of **the University's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit

Our audit was performed for the purpose of forming an opinion on the Schedule of Expenditures of Federal Awards taken as a whole. The supplementary data included in this report is presented for the purpose of additional analysis and is not a required part of the Schedule of Expenditures of Federal Awards. Such information has been subjected to the auditing procedures applied in the audit of the Schedule of Expenditures of Federal Awards and, in our opinion is fairly stated in all material respects in relation to the Schedule of Expenditures of Federal Awards taken as a whole.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 19, 2008



GRAMBLING STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Defense</u>			
<u>Research and Development</u>			
<i>Awards from a Pass-Through Entity:</i>			
Through: <u>Clarkson Aerospace Corp</u>			
Airforce Defense Research Sciences Program	12.800	05-0002-C1	\$ <u>211,446</u>
Total U.S. Department of Defense			<u>211,446</u>
<u>U.S. Department of Housing and Urban Development</u>			
<u>Direct Awards</u>			
Historically Black Colleges and Universities Program	14.520	N/A	<u>160,990</u>
Total U.S. Department of Housing and Urban Development			<u>160,990</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2008

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>National Aeronautics and Space Administration</u>			
<u>Research and Development</u>			
<i>Awards from a Pass-Through Entity:</i> Through: Clark Atlanta University Technology Transfer	43.002	03-04-30403-001	\$ 6,491
Total National Aeronautics and Space Administrations			<u>6,491</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2008

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>National Endowment for the Humanities</u>			
<i>Direct Awards</i>			
Promotion of the Humanities—Teaching and Learning Resources and Curriculum Development	45.162	N/A	\$ <u>9,607</u>
Total National Endowment for the Humanities			<u>9,607</u>
<u>National Science Foundation</u>			
<i>Research and Development</i>			
<i>Direct Awards</i> Education and Human Resources	47.076	N/A	<u>434,793</u>
Total National Science Foundation			<u>434,793</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2008

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Environmental Protection Agency</u>			
<i>Awards from a Pass-Through Entity:</i>			
Through: <u>U. S. Environmental Protection Agency</u>			
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements- Section 104(b)(3) of the Clean Water Act			
	66.436	EM-96627001	\$ 80,958
			<u>80,958</u>
Total U.S. Environmental Protection Agency			
<u>U.S. Department of Energy</u>			
<i>Research and Development</i>			
<i>Direct Awards</i>			
	81.089	N/A	<u>52,817</u>
			<u>52,817</u>
Total U.S. Department of Energy			
<u>U.S. Department of Education</u>			
<i>Direct Awards</i>			
	84.031	N/A	<u>4,329,375</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<i>Trio Cluster</i>			
<i>Direct Awards</i>			
TRIO-Student Support Services	84.042	N/A	\$ 365,295
TRIO-Upward Bound	84.047A	N/A	<u>68,182</u>
Subtotal - Trio Cluster			<u>433,477</u>
<i>Student Financial Assistance Cluster</i>			
<i>Direct Awards</i>			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	626,550
Federal Family Education Loans	84.032	N/A	32,807,333
Federal Work-Study Program	84.033	N/A	878,356
Federal Pell Grant Program	84.063	N/A	11,271,820
Academic Competitiveness Grants	84.375	N/A	306,446
National Science and Mathematics Access to Retain Talent Grants	84.376	N/A	<u>126,118</u>
Subtotal - Student Financial Assistance Cluster			<u>46,016,623</u>
Total U.S. Department of Education			<u>50,779,475</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2008

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Direct Awards</u>			
Mental Health National Research Service Awards for Research Training	93.282	N/A	\$ 252,714
Biomedical Research and Research Training	93.859	N/A	410,378
<u>Awards from a Pass-Through Entity</u>			
Through: <u>International Resource Group Limited</u> HIV Prevention Programs for Women	93.015	942289908	21,631
Through: <u>National Youth Sports Corporation</u> Community Services Block Grants- Discretionary Awards	93.570	NYSP 05:1045	18,275
Through: <u>Morehouse School of Medicine</u> Substance Abuse and Mental Health Services Project of Regional and National Significance	93.243	T1-17165	<u>1,467</u>
Total U.S. Department of Health and Human Services			<u>704,465</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH ENTITY'S NUMBER</u>	<u>ACTIVITY</u>
<u>U.S. Corporation for National and Community Service</u>			
<i>Awards from a Pass-Through Entity</i> <u>Through: Xavier University</u> Learn and Serve America - Higher Education	94.005	05-02638	\$ <u>3,048</u>
Total U.S. Corporation for National and Community Service			<u>3,048</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 52,444,090</u>

The accompanying notes are an integral part of this Schedule.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - GENERAL:

Grambling State University (the University) located in Grambling, Louisiana is an institution of higher education founded in 1901.

The University is a multi-purpose state supported co-education institution with degree-granting academic units which include the following:

- College of Business;
- College of Education;
- School of Social Work;
- School of Nursing;
- College of Science Technology; and
- College of Liberal Arts.

As defined by Government Accounting Standards Board Statement Number 14, **the University** is a component unit of the State of Louisiana (the Financial Reporting Entity) within the executive branch of government and is governed by the Board of Supervisors for the University of Louisiana System.

The University has an enrollment of approximately 5,132 students and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

Grambling State University is the recipient of various Federal grants, subgrants and awards from the U.S. Department of Education, the U.S. Department of Health and Human Services, the State of Louisiana and other agencies to assist in achieving a higher level of learning for its student body. Total direct federal and federal awards passed through other agencies amounted to more than \$52,444,090 for the fiscal year July 1, 2007 through June 30, 2008. Included in this amount is funding for the Student Financial Aid Program Cluster which totaled \$46,016,623 and includes loans to students under the Federal Family Education Loan Program which totals \$32,807,333.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 1 - GENERAL, CONTINUED:

Student Financial Aid

Grambling State University was approved during January 1959 by the then Office of Education for participation in the Student Financial Aid Programs. These programs include the Federal Perkins Program, Nursing Student Loan Program, Federal Work Study Program (FWS), Federal Supplemental Education Opportunity Grant Program (FSEOG), Federal PELL Grant and the Federal Family Education Student Loan Program (FFEL). Listed below is a brief description of the Student Aid Programs administered by the **University**.

o Federal Perkins Loan Program

The University entered into an agreement to establish a NDSL program under the National Defense Education Act of 1958, which was transferred in 1972 to Title IV Part 674 of the Higher Education Act of 1965. Beginning with the 1987-88 award year, the NDSL Program was renamed the Perkins Loan Program in honor of the late Carl D. Perkins, former chairman of the House Education and Labor Committee. **The University** terminated the Perkins Loan Program and has repaid the remaining outstanding balance to the Federal Government.

o Nursing Student Loan Program (NSL)

The University entered into an agreement with the U.S. Department of Health and Human Services to establish a Nursing Student Loan Program. The records of the institution indicate that loans aggregating \$364,849 have been made to students. **The University's** participation in the Nursing Student Loan Program was terminated due to the high default rate.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 1 - GENERAL, CONTINUED:

o Federal Work-Study Program (FWS)

The University established the FWS Program pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 2008, federal expenditures totaled \$1,122,777, of which \$41,285 was for administrative costs and \$1,081,492 for wages.

The University elected and received approval from the U.S. Department of Education to waive the institutional matching requirement for the Federal Work Study program's approved funding level for the fiscal year ended June 30, 2008. **The University** was entitled to this waiver because of its participation in the Strengthening Historically Black Colleges Title III Program.

o FSEOG Program

The FSEOG Program was established at **the University** in 1965 under Title IV, Part A of the Higher Education Act of 1965, as amended. During the year ended June 30, 2008, federal expenditures totaled \$382,129, of which \$29,836 was for administrative costs and \$352,293 for direct awards to students.

The University received approval from the U.S. Department of Education to waive the institutional matching requirement for the FSEOG program.

o Federal Pell Grant Program

The Institution entered into an agreement with the Office of Education to participate in the Federal Pell Grant Program. This program provides eligible students with a foundation of financial aid to help defray the costs of post secondary education. During the year \$11,271,820 was expended for Federal Pell Grant awards to full-time and part-time students. **The University** received an administrative cost reimbursement of \$17,755.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 1 - GENERAL, CONTINUED:

o Federal Family Education Loan Program

The Federal Family Education Loan Program enables eligible undergraduate students to borrow directly from a bank or other lending institution. During the current year, approximately \$32,807,333 was disbursed to students under the Federal Family Education Loan Program. The Federal Family Education Loan Program's Cohort default rate is 13.6 percent.

The Student Financial Aid programs are administered by the University's Financial Aid Department. All accounting for the Student Financial Aid programs is performed by the University's Accounting Department. Accounting is under the control of the Vice-President for Finance, and Financial Aid reports to the Vice-President for Enrollment Management and Academic Services.

NOTE 2 - BASIS OF PRESENTATION AND ACCOUNTING:

The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 2 - BASIS OF PRESENTATION AND ACCOUNTING, CONTINUED:

The purpose of the Schedule of Expenditures of Federal Awards is to present a summary of those activities of **Grambling State University** for the year ended June 30, 2008 which have been financed principally by the U. S. Government (federal awards). For purposes of the Schedule, federal awards include all Federal assistance and procurement relationships entered into directly between **the University** and the federal government and sub-awards from non-federal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of **the University**, it is not intended to and does not present either the financial position, changes in net assets or the current fund's revenues, expenditures, and other changes of **the University**.

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

**NOTE 3 - PROGRAM ORGANIZATION AND FINANCING-
(NURSING STUDENT LOAN PROGRAMS):**

The Nursing Student Loan Program is operated by the Institution under an agreement with the Department of Health and Human Services. The accounts of the program are included among the Loan Funds of **the University**.

The University did not make any loans to students for the year ended June 30, 2008.

The program was financed by contributions from the U.S. Department of Health and Human Services, which were matched, at a ratio of one-to-nine by contributions from **the University**. However, during the year ended June 30, 1997, **the University** was notified by the Department of Health and Human Services that the program was terminated due to the high default rate. The contributions made to the program, repayments to the federal government and loans receivables are as follows:

Analysis of Nursing Student Loan Contributions

<u>Funding Source</u>	<u>Period from Inception to June 30, 2008</u>	<u>For the Year Ended June 30, 2008</u>
Federal	\$ 318,176	\$ -0-
University	<u>35,353</u>	<u>-0-</u>
Total	\$ <u>353,529</u>	\$ <u>-0-</u>

Analysis of Repayments

Funding Source

Federal	\$ 292,580	\$ 4,033
University	<u>7,835</u>	<u>-0-</u>
Total	\$ <u>300,415</u>	\$ <u>4,033</u>

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 3 - PROGRAM ORGANIZATION AND FINANCING-
(NURSING STUDENT LOAN PROGRAMS), CONTINUED:

Analysis of Nursing Student Loan Receivable

	Period from Inception to <u>June 30, 2008</u>	For the Year Ended <u>June 30, 2008</u>
Balance, beginning of period/year	\$ -0-	\$108,191
Funds advanced/adjustments	<u>364,849</u>	<u>-0-</u>
Total	<u>364,849</u>	<u>108,191</u>
Less: Collections	259,018	2,384
Adjustments	24	-0-
Cancellations	-0-	-0-
Allowance for bad debts	<u>100,237</u>	<u>100,237</u>
Total credits	<u>359,279</u>	<u>102,621</u>
Balance, June 30, 2008	<u>\$ 5,570</u>	<u>\$ 5,570</u>

NOTE 4 - DEPARTMENT OF EDUCATION LOAN:

The University of Louisiana System Board of Trustees has signed a loan agreement, on behalf of the University, with the U.S. Secretary of Education in the amount of \$3,500,000. These funds are to be used for financing the construction of four new dormitories pursuant to Title IV of the Housing Act of 1950. The loan shall bear interest at the rate of 3% per annum on the unpaid balance. The principal and interest shall be payable in semi-annual installments of \$88,877 over a term of 30 years.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 4 - DEPARTMENT OF EDUCATION LOAN, CONTINUED:

As of June 30, 2008, the outstanding loan balance totaled \$2,190,475. Principal payments totaling \$109,568 were made during the year. This balance is disclosed in the Schedule of Disclosures for Federally Assisted Loans.

NOTE 5 - SUPPLEMENTARY FINANCIAL INFORMATION:

The Schedule of Disclosures for Federally Assisted Loans summarizes the amount of loans made or disbursed during the year for the Federal Family Education Student Loan Program, College Housing Facilities Loans, the Perkins Loan, the NSL Programs and the U.S. Department of Education. Additionally, the Schedule summarizes the amount of principal and interest cancelled (military and teacher) for the National Defense/Perkins Loan Program.

The Schedule of Fixed Price Contracts summarizes the total amount of revenues received under fixed-price contracts.

The Schedule of Secondary Sub-recipients of Major Federal Programs represents disbursements of major program funds to non-state of Louisiana sub-recipients.

The Schedule of State Agency/University Sub-recipients of Federal programs represents disbursements of federal funds to State of Louisiana agencies.

The Schedule of Inter-Agency Expenditures of Federal Awards summarizes federal expenditures financed by the State of Louisiana with funds received from the federal government.

GRAMBLING STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

NOTE 6 - CONTINGENCIES:

Participation in Grant Programs

The University administers and participates in certain federal and state programs as disclosed in the Schedule of Expenditures of Federal Awards. In connection with the administration and operations of these grants, the University is to expend grant funds and allocations in accordance with program guidelines and regulations. However, should the University have operated/administered the programs and/or grants in a manner which would be in non-compliance with the guidelines and regulations, the University may be required by the funding sources to repay some portion or all of the grant award.

NOTE 7 - MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS:

Grambling State University's major federal financial assistance programs for the year ended June 30, 2008 were determined on a State level based upon program activity. Such programs are the Student Financial Assistance Cluster, Higher Education - Institutional Aid, the Workforce Investment Act Grant, the Research and Development Cluster, the Temporary Assistance for Needy Families Grant, and Foster Care Title IV-E.

SUPPLEMENTARY DATA

SCHEDULE I

GRAMBLING STATE UNIVERSITY
SCHEDULE OF DISCLOSURES FOR FEDERALLY ASSISTED LOANS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Program Name/Title</u>	<u>Federal CFDA NO.</u>	<u>Loans Made or Disbursed During Year</u>	<u>Outstanding Loan Balance</u>	<u>Principal and Interest Cancelled</u>
Federal Family Education Loan Program	84.032	<u>\$32,807,333</u>	N/A	N/A
Perkins Loan Program	84.038	<u>\$ -0-</u>	<u>\$ -0-</u>	N/A
Nursing Student Loan Program	93.364	<u>\$ -0-</u>	<u>\$ 5,570</u>	N/A
College Housing and Other Facilities Loans	84.142	N/A	<u>\$ -0-</u>	N/A
U.S. Department of Education - Housing Act of 1950	N/A	N/A	<u>\$ 2,190,475</u>	N/A

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE II

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FIXED PRICE CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Program Name</u>	<u>CFDA No.</u>	<u>Grantor</u>	<u>Period</u>	<u>Revenues</u>
(1)	(1)	(1)	(1)	(1)

- (1) Grambling State University did not receive any revenues under the terms of fixed-priced contracts during the year ended June 30, 2008.

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE III

GRAMBLING STATE UNIVERSITY
SCHEDULE OF SECONDARY SUB-RECIPIENTS
OF MAJOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Sub-recipient</u>
(1)	(1)	(1)	(1)	(1)

(1) Grambling State University did not disburse any funds to secondary sub-recipients of major federal programs during the year ended June 30, 2008.

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

GRAMBLING STATE UNIVERSITY
SCHEDULE OF STATE AGENCY/UNIVERSITY SUB-RECIPIENTS
FOR FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor</u>	<u>CFDA or Other Number</u>	<u>Program Name</u>	<u>Activity</u>	<u>Secondary Sub-recipient</u>
U.S. Department of Health and Human Services- National Institute of Health	93.859	Partnership for Minority Access to Baccalaureate Degrees	\$25,821	Louisiana State University
U.S. Department of Health and Human Services National Institute of Health	93.859	Partnership for Minority Access to Baccalaureate Degrees	<u>19,307</u>	Southern University At Shreveport/ Bossier
	Total		<u>\$45,128</u>	

See the Independent Auditors' Report on Supplementary Information.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF INTER-AGENCY EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/ PROGRAM NAME	FEDERAL		PRIMARY STATE AGENCY	CURRENT YEAR EXPENDITURES
	CFDA OR OTHER NUMBER			
U.S. Department of Labor- Workforce Investment Act/Youth Activities	17.259	Coordinating and Development Co.	\$ 151,475	
National Endowment for the Humanities Promotion of the Humanities - Public Programs	45.164	Civil Rights in Louisiana	17,455	
National Science Foundation- Mathematical and Physical Sciences	47.049	Louisiana Tech University	1,120	
Mathematical and Physical Sciences	47.049	Louisiana State University	7,201	
Education and Human Resources	47.076	Louisiana Board of Regents	5,495	

GRAMBLING STATE UNIVERSITY
SCHEDULE OF INTER-AGENCY EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

<u>FEDERAL GRANTOR/ PROGRAM NAME</u>	<u>FEDERAL CFDA OR OTHER NUMBER</u>	<u>PRIMARY STATE AGENCY</u>	<u>CURRENT YEAR EXPENDITURES</u>
U.S. Department of Education Adult Education - State Grants Gaining Early Awareness and Readiness for Undergraduate Programs	84.002 84.334	Louisiana Dept. of Education Board of Regents	\$ 170,586 95,204
U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Foster Care Title IV-E	93.558 93.658	Louisiana Dept. of Education Louisiana Dept. of Social Services	18,186 <u>97,470</u>
Total			<u>\$ 564,192</u>



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Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana 71245

We have audited the Schedule of Expenditures of Federal Awards of **Grambling State University (the University)** as of and for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report had not been issued as of this report issuance date.

Internal Control Over Financial Reporting

In planning and performing our audit, except for the functions performed at the **University's** Service Bureau in connection with processing transactions for the NDSL/Perkins program and Nursing Student Loan Program, we considered the **University's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the **University's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **University's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Internal Control Over Financial Reporting, Continued

For the information system internal control categories at the Service Bureau, another accountant performed procedures to obtain reasonable assurance about whether (1) the description of controls related to the System III Loan Servicing System application of Campus Partners' present fairly, in all material respects, the aspects of Campus Partners' controls that may be relevant to a user organization's internal control structure as it relates to an audit of the financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and (3) such controls had been placed in operation as of June 30, 2008. The other accountants' report has been furnished to us as of our report issuance date in which an unqualified opinion was expressed regarding the previous noted controls.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Also, we noted that other accountants for the Service Bureau expressed an unqualified opinion on specific controls tested.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's Schedule of Expenditures of Federal Awards is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

This report is intended for the information and use of the President, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 19, 2008



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana 71245

Compliance

We have audited the compliance of **Grambling State University (the University)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The component unit financial statements were audited by the State of Louisiana's Legislative Auditor whose report had not been issued as of our report issuance date. **The University's** major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **the University's** management. Our responsibility is to express an opinion on **the University's** compliance based on our audit.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of non-compliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in Schedule III in the accompanying Schedule of Findings and Questioned Costs as items 2008-01, 2008-02, 2008-03, 2008-04, 2008-05, 2008-06 and 2008-07.

We did not audit the University's compliance with certain regulations governing the processing of student loans for the Nursing Student Loan Programs as set forth therein relative to participation in the Federal Student Financial Assistance Program. Those administrative requirements govern functions performed by the Service Bureau. Since we did not apply auditing procedures to satisfy ourselves regarding compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

The Service Bureau's compliance assertions with respect to its servicing of the Nursing Student Loan Programs for **the University** was examined by another accountant, whose report was furnished to us as of our report issuance date. Based on our review of the other accountants' report, we have determined that all of the compliance requirements included in the OMB Circular A-133 Compliance Supplement that are applicable to the programs in which **the University** participates are addressed in either our report or the report of the other accountant. The independent accountant indicated that no findings or questioned costs were noted as a result of the compliance attestation examination on the service bureau.

Internal Control Over Compliance

The management of **the University** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, except for the functions performed at **the University's** Service Bureau in connection with processing transactions for the Nursing Student Loan Programs, we considered **the University's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **the University's** internal control over compliance.

For the internal control over compliance categories at the Service Bureau, another accountant examined management's assertions with respect to establishing internal control systems that assured compliance with reporting, Nursing Student Loan collections and due diligence, and servicer eligibility. The other accountants' report has been furnished to us as of our report issuance date.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance, Continued

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-02, 2008-04, 2008-05, 2008-06 and 2008-07.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Also, we noted that other accountants for the Service Bureau indicated that their were no findings or questioned costs noted during the current year's attestation examination.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

This report is intended solely for the information and use of the President, management, federal awarding agencies and pass-through entities, and the legislative auditors' office and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 19, 2008

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE I - Summary of the Independent Auditors' Results

- | | |
|--|--------------------|
| 1. Type of report issued on the Schedule of Expenditures of Federal Awards: | <u>Unqualified</u> |
| 2. Did the audit disclose any material weaknesses in internal control over financial reporting? | <u>No</u> |
| 3. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? | <u>No</u> |
| 4. Did the audit disclose any non-compliance which is material to the financial statements of the organization? | <u>No</u> |
| 5. Did the audit disclose any material weaknesses internal control over major federal programs? | <u>Yes</u> |
| 6. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? | <u>Yes</u> |
| 7. Type of report issued on compliance for major programs: | <u>Unqualified</u> |
| 8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a)? | <u>Yes</u> |

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE I - Summary of the Independent Auditors' Results, Continued

9. The following is an identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>
Various	Student Financial Aid Cluster
Various	Research and Development Cluster
17.259	Workforce Investment Act Youth Activities
84.031	Higher Education - Institutional Aid
93.558	Temporary Assistance for Needy Families
93.658	Foster Care Title IV-E

10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) is as follows:

<u>Program</u>	<u>Amount</u>
Type A	Major Programs are determined on a State level.

11. Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 530: No

12. Were management letter comments issued: No

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE II - Financial Statement Findings

No matters reported.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs

COMPLIANCE

Audit Finding Reference Number

Questioned Costs

2008 - 01 Verification

\$ 24,860

Federal Award and Specific Federal Award Identification

CFDA Title and Number

84.063 Federal Pell Grant Program

84.032 Federal Family Education Loan (FFEL)

Federal Award Year

June 30, 2008

Federal Agencies

U. S. Department of Education

Pass-Through Entity

Not applicable

Criteria

OMB Circular A-133 Compliance Supplement, Part 5, Student Financial Assistance Programs, Section III, Part N – Special Test and Provisions stipulate that the University is required to establish written policies and procedures that incorporate the provisions of 34 CFR sections 668.51 through 668.61 for verifying applicant information. The University shall require each applicant whose application is selected by the central processor, based on edits specified by the Department of Education, to verify the information specified in 34 CFR sections 668.56.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2008 - 01 Verification, Continued

Conditions and Perspectives

During our audit we noted that four (4) students out of twenty-five (25) tested whose verification information was conflicting with the verified documentation, the verification information was not verified or the required signatures were not obtained.

Cause

It appears that financial aid counselors either failed to properly ensure that all required verifiable information was correct or that all required signatures were obtained prior to the awarding and disbursing of financial aid.

Questioned Costs

For purposes of this condition, we have questioned costs totaling \$ 24,860 as follows:

<u>Program</u>	<u>Amount</u>
Federal PELL Grant	\$ 9,145
Federal FFEL	<u>15,715</u>
Total	<u>\$ 24,860</u>

Effect

The University disbursed financial aid to students who had not completed the verification process, as required by federal regulations.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2008 - 01 Verification, Continued

Recommendation

We recommend that financial aid counselors adhere to established procedures which require that all verification information is obtained and verified prior to the disbursement of financial aid to students.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
2008 - 02 Federal Work-Study	<u>\$ 3,068</u>

Federal Award and Specific Federal Award Identification

CFDA Title and Number

84.033 Federal Work-Study Program

Federal Award Year

June 30, 2008

Federal Agencies

U. S. Department of Education

Pass-Through Entity

Not applicable

Criteria

Record keeping requirements, 34 CFR 675.19(b) cite that a school must follow the record retention and examination provisions and establish and maintain program and fiscal records that are reconciled at least monthly.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number

2008 - 02 Federal Work-Study, Continued

Conditions and Perspectives

During our audit of the federal work-study program, we noted the following conditions:

- Eleven (11) students out of fifteen (15) students tested who worked while scheduled to be in class. This resulted in excess wages paid totaling \$503;
- Seven (7) students out of fifteen (15) students tested whose total hours per the timesheet did not agree to the total hours paid. This condition is the result of their being two timesheets, one manual and one electronic, with their being differences that were not reconciled by student supervisors prior to the approval of students timesheet. This resulted in a total net under-payment to the students totaling \$291;
- Two (2) students out of fifteen (15) students tested who received college work student in excess of the amount awarded. This resulted in excess wages paid totaling \$2,565;
- One (1) student out of fifteen (15) students tested who timesheet was not properly signed by the student; and
- One (1) student out of fifteen (15) students tested who worked in excess of the required number of hours allowed per week.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number

2008 - 02 Federal Work-Study, Continued

Cause

Student supervisors did not properly adhere to established University procedures which require University personnel to reconcile fiscal records on a monthly basis and to ensure that students do not receive federal work-study payments in excess of amounts earned.

Questioned Costs

For purposes of this condition, we have questioned costs of \$3,068.

Effect

The University is not in compliance with federal regulations.

Recommendation

We recommend that management of the University establish policies and procedures which require student supervisors to monitor the work schedule of their student workers, ensuring that students are not working while scheduled to be in class, ensuring that the students do not work in excess of the allowed number of hours per week, and ensuring the manual timesheets agree to web timesheets. We also recommend that procedures be followed by financial aid personnel to ensure that students do not work in excess of the time awarded. Actual time worked by students should be compared to amounts awarded on a monthly basis.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE

<u>Audit Finding Reference Number</u>	<u>Questioned Cost</u>
2008 - 03 Student Eligibility	\$ <u> -0-</u>

Federal Award and Specific Federal Award Identification

CFDA Title and Number

84.032	Federal Pell Grant Program
84.032	Federal Family Education Loans (FFEL)

Federal Award Year

June 30, 2008

Federal Agencies

U. S. Department of Education

Pass-Through Entity

Not applicable

Criteria

OMB Circular A-133 Compliance Supplement, Part 5, Student Financial Assistance Programs, Section III, Part E – Eligibility stipulates that the determination of SFA award amounts is based on financial need. Financial need is generally defined as the student's cost of attendance (COA) minus financial resources reasonably available. The costs reasonably necessary for the student's attendance include any special needs and obligations which directly affect the student's ability to attend the school. The school must document the criteria used for determining these costs. Also, 34 CFR Section 668.55 stipulated that if an applicant's dependency status changes after the applicant applies to have his or her EFC calculated for an award year, the applicant must file a new application for that award year reflecting the applicant's new dependency status regardless of whether the applicant is selected for verification. Any recipient of a scholarship should meet the requirements of the scholarship.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2008 - 03 Student Eligibility, Continued

Condition and Perspective

The University's Internal Auditor performed an audit at the request of the University's President to determine the propriety of allegations regarding possible misappropriations of a federal financial aid award administered by the University's Student Financial Aid Office. As a result of the internal auditor's audit, the following conditions were noted for one (1) out of the six (6) student tested. The student was a relative of the Student Financial Aid Director of the University.

- The student was awarded two (2) academic scholarships requiring a 3.00 grade point average but the Registrar's official records reflected a 2.54 grade point average;
- The student had an in-state residency status but was an out-of-state transfer student. The University's Admissions Office accepted a Louisiana Residency Application and granted the in-state residency without adequate documentation. The student indicated on the application that she lived with the SFA director, and she was her "guardian". However, the student did not live with the SFA director, and she was not her legal guardian. This resulted in an increase in the student's cost of attendance which allowed the student to receive additional Title IV aid that the student would not have otherwise been able to receive.
- The student incorrectly completed for Free Application for Federal Student Aid stating that she was an "orphan or ward of the court"; however, the student admitted that the information was incorrect.
- Prior to disbursement of the aid, the Dependency Override Committee did not review or approve the student's request for classification as an independent student prior to the beginning of the semester;

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2008 - 03 Student Eligibility, Continued

Condition and Perspective, Continued

- The student was given an increase in their cost of attendance budget for transportation costs for the Fall 2007; although, the student was not enrolled. No other student received an increase in their transportation cost. Professional judgment was used by the SFA director because the relative flew home frequently; and
- The SFA director made entries to the relative's financial aid records without explanations.

Cause

The Financial Aid Director abused her authority.

Questioned Costs

For purposes of this condition, we have not questioned any costs as management returned all funds in question and canceled all scholarships.

Effect

The University is in violation of Title IV regulations.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

COMPLIANCE, CONTINUED

Audit Finding Reference Number

2008 - 03 Student Eligibility, Continued

Recommendation

The Financial Aid Office should adopt a policy that does not allow employees to process financial aid for relatives or post transactions to their accounts. Employees should also be required to disclose when a relative is attending the University.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
2008-04 - Matching	<u>\$-0-</u>

Federal Program and Specific Federal Award Identification

CFDA Title and Number

17.259 Workforce Investment Act - Youth Activities
93.658 Foster Care Title IV-E

Federal Award Year

June 30, 2008

Federal Agencies

U. S. Department of Labor
U. S. Department of Health and Human Services

Pass-Through Entity

Louisiana Department of Social Services
Coordinating and Development Co.

Criteria

OMB Circular A-133 Compliance Supplement Part 3 Section G stipulates that a non-federal entity must provide matching or cost sharing of a specified amount or percentage as provided in the contract or grant agreement with the federal government.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number

2008-04 - Matching, Continued

Conditions and Perspectives

We noted during our audit that grant personnel failed to properly document the match that is required by the grant agreement for the period July 1, 2007 through June 30, 2008.

Cause

The University failed to document the match requirements as outlined in the grant agreement.

Questioned Costs

For the purpose of this finding, we have not been able to determine whether or not the University complied with the matching requirement, as such we have not questioned any costs.

Effect

Non-compliance with federal requirements on providing the required match of grant fund expenditures.

Recommendation

We recommend that grant personnel properly document the University match as required by the grant agreement.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number Questioned Costs

2008 - 05 Allowable Cost \$ 6,900

Federal Program and Specific Federal Award Identification

CFDA Title and Number

12.800 Air Force Defense Research Sciences Program
81.089 Fossil Energy Research and Development
93.658 Foster Care – Title IV-E

Federal Award Year

June 30, 2008

Federal Agency

U.S. Department of Defense
U.S. Department of Energy
U.S. Department of Health and Human Services

Pass-Through Entity

N/A

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number, Continued

2008 - 05 Allowable Cost

Criteria

OMB Circular A-133 Compliance Supplemental Part 3, Section B stipulates that direct costs must conform with the limitations or exclusions set forth in the circulars, Federal laws, state or local laws, sponsored agreements or other governing regulations as to types or amounts of costs items.

Conditions and Perspectives

We noted during our audit that grant personnel failed to follow prescribed procedures to ensure that indirect costs charged to grant programs conform to guidelines contained in the grant agreement. We noted an instance whereby amounts charged to grant programs exceeded the amounts allowed per the grant agreement by \$5,625, as well as instances where amounts charged to grant programs was less than the amount allowed per the grant agreement.

We also noted that \$1,275 of costs that were overdrawn by the University appeared to have been repaid but charged back to the program and subsequently drawn down again.

Cause

Grant personnel failed to follow established procedures which requires indirect costs charged to grant programs to be reconciled on a monthly basis to amounts allowed per grant agreements.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number, Continued

2008 - 05 Allowable Cost

Questioned Costs

For the purpose of this finding, we have questioned the costs whereby the amount charged to the program exceeded the amount allowed per the grant agreement. The total amount of questioned costs totaled \$5,625 for the Fossil Energy Research and Development program.

We have also questioned the \$1,275 that was drawn down from the Foster Care Title IV-E program.

Effect

Non-compliance with applicable federal rules and regulations.

Recommendation

We recommend that grant personnel follow prescribed procedures which require indirect costs charged to grant programs be reconciled to amounts allowed per the grant agreements.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued
INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

<u>Audit Finding Reference Number</u>	<u>Questioned Costs</u>
2008 - 06 Federal Financial Reports/Cash Management	\$ <u>-0-</u>

Federal Program and Specific Federal Award Identification

CFDA Title and Number

81.089 - Fossil Energy Research and Development
84.031 - Higher Education - Institutional Aid

Federal Award Year

June 30, 2008

Federal Agencies

U.S. Department of Energy

Pass-Through Entity

Not Applicable

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section L stipulates that reports for federal awards shall include all activity of the reporting period, be supported by applicable accounting records, and be fairly presented in accordance with program requirements. Also, OMB Circular A-133 Compliance Supplement Part 4, Section L stipulates that cumulative draw down amounts in the Grant Administration and Payment System should accurately reflect the grantee's actual disbursement of funds by award.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number, Continued

2008 - 06 Federal Financial Reporting / Cash Management

Criteria, Continued

OMB Circular A-133 Compliance Supplement Part 3, Section C stipulates that when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

Conditions and Perspective

We noted that for the Fossil Energy Research and Development Grant, grant personnel failed to monitor draw downs and as such no funds were drawn down during the year.

We also noted for the Higher Education - Institutional Aid program, that the difference between draw downs as reflected in the Grant Administration and Payment System (GAPS) did not reconcile to grant expenditures when considering accrued receivables. Grant expenditures appear to be overstated by \$55,264.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued
INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number, Continued

2008 - 06 Federal Financial Reports/Cash Management

Cause

The University failed to follow established procedures which require personnel to reconcile amounts per the financial records to the amounts drawn down during the year.

Questioned Costs

For purposes of this finding, we have not questioned any costs as the funds were not drawn down for the Higher Education - Institutional Aid Program.

Effect

The University is in noncompliance with federal regulations which require financial draw downs to be reconciled on a regular basis.

Recommendation

We recommend that grant personnel follow prescribed procedures and ensure that draw downs are reconciled to financial reports and amounts per the general ledger on a monthly basis.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued
INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number

2008 - 07 - Sub-recipient Monitoring

Federal Program and Specific Federal Award Identification

CFDA Title and Number

81.089 - Fossil Energy Research and Development

Federal Award Year

June 30, 2008

Federal Agencies

U.S Department of Energy

Pass-Through Entity

Not Applicable

Criteria

OMB Circular A-133 Compliance Supplemental Part 3, Section M stipulates that a pass-through entity should monitor the sub-recipients' use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

GRAMBLING STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE III - Federal Award Findings and Questioned Costs, Continued

INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE, CONTINUED

Audit Finding Reference Number, Continued

2008 - 07 Sub-recipient Monitoring

Conditions and Perspective

During our audit, we noted that University personnel failed to monitor the activities of one (1) of (1) sub-recipients selected for testing as a result of there being no monitoring plan in place.

Cause

The University failed to have procedures which require all sub-recipients to be fiscally and programmatically monitored during the year.

Questioned Costs

For purposes of this finding, we have not questioned any costs.

Effect

It appears that the University is not in compliance with the Sub-recipient Monitoring compliance requirement.

Recommendation

We recommend that the Director of grants and Contracts develop a monitoring plan to ensure that all sub-recipients receiving pass-through federal funds are fiscally and programmatically monitored on an annual basis.

GRAMBLING STATE UNIVERSITY
AUDIT INFORMATION SCHEDULE

Lead Auditor: BRUNO & TERVALON LLP, Certified Public Accountants
Michael B. Bruno, CPA, CGFM, Managing Partner
Sean M. Bruno, CPA, Manager

License Number: L 1218

Telephone Number: (504) 284-8733

The audit field work was performed between September 5, 2008 and December 19, 2008 at the institution's facilities as follows:

<u>LOCATION</u>	<u>DESCRIPTION OF FACILITY (ADMIN. OR SFA OFFICES, MAIN CAMPUSES, ETC)</u>
Grambling State University (main campus)	Office of Student Financial Aid and Federal Grant office (main campus)

Institution's Accrediting Organization: Commission on Colleges of the Southern Association of Colleges and Schools.

The institution utilizes a SFA Servicer.

Campus Partners
2400 Reynolda Road
Winston-Salem, North Carolina 27106

The following functions are provided by this SFA Servicer:

1. Billing Students - Perkins Loans and Nursing Student Loans
2. Processing of cancellations and deferments - Perkins Loans and Nursing Student Loans

A review of the Servicer's compliance with Title IV Regulations was performed by the Service Bureau's independent public accountant.

Records for the accounting and administration of the SFA programs are located at:

Grambling State University
Grambling, Louisiana 71245
Office of Student Financial Aid



OFFICE OF THE
VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

January 16, 2009

Mr. Sean Bruno, CPA
BRUNO & TERVALON LLP
Certified Public Accountants
4298 Elysian Fields Avenue

Dear Mr. Bruno:

Attached is Grambling State University's Management's Corrective Action Plan to the 2008 Single Audit Findings.

If additional information is needed, please contact me.

Sincerely,

Leon Sanders for Daarel E. Burnette
Associate Vice President for Finance
and Administration

LS/ml

Attachment

Response to Fiscal Year 2008 Findings

Finding 2008 – 01 – Verification

Conditions and Perspectives

During our audit we noted that four (4) students out of twenty-five (25) tested whose verification information was conflicting with the verified documentation, the verification information was not verified or the required signatures were not obtained.

Management's Response

The Office of Student Financial Aid and Scholarships concur with the finding. We accept the Auditor's recommendation. To avoid reoccurrences, the following will be implemented in the Counseling unit:

1. A self-audit will be conducted each semester, including the summer sessions. In the self-audit, all items that are required to be verified and have been obtained by the Financial Aid Counselors will be reviewed prior to disbursing of financial aid to students. The Financial Aid Counselors will exchange at least fifteen (15) folders with other Counselors in the office. The self-audit will be conducted within two (2) months of the semester.

Response to Fiscal Year 2008 Audit Findings

Finding 2008-2

Conditions and Perspectives

During our audit of the federal work-study program, we noted the following conditions:

- Eleven (11) students out of fifteen (15) students tested who worked while scheduled to be in class. This resulted in excess wages paid totaling \$503;
- Seven (7) students out of fifteen (15) students tested whose total hours per the timesheet did not agree to the total hours paid. This condition is the result of there being two timesheets, one manual and one electronic, with their being differences that were not reconciled by student supervisors prior to the approval of students timesheet. This resulted in a total net under-payment to the students totaling \$291;
- Two (2) students out of fifteen (15) students tested who received college work study in excess of the amount awarded. This resulted in excess wages paid totaling \$2,565;
- One (1) student out of fifteen (15) students tested who worked in excess of the required number of hours allowed per week; and
- One (1) student out of fifteen (15) students tested whose timesheet did not have the total number of hours work recorded on the time sheet.

Management's Response

The Office of Student Financial Aid and Scholarships concurs with the finding. We accept the Auditor's recommendations. The Financial Aid Office and Payroll will work together to establish policies and procedures to prevent this finding from reoccurring before student employees are paid with Federal College Work-Study funds.

The following will be implemented:

1. Effective immediately, Student Sign In/Out Logs will not be submitted to the Payroll Office or kept in the various departments. Student employees will be paid strictly from the web timesheet.
2. Monthly reconciliations will be conducted between the Payroll Office and the Student Financial Aid Office.
3. The Payroll Office will provide the Student Financial Aid Office with class conflict reports PRIOR to paying the student employee.

Response to Fiscal Year 2008 Audit Findings

Management's Response Cont'd

4. Student employees will be required to sign in and out on Banner Web daily.
5. A functionality will be added to the Banner system to prevent Supervisors of student employees from approving timesheets if there is a class conflict.

Response to Fiscal Year 2008 Findings

Finding 2008-3 – Student Eligibility

Condition and Perspective

The University's Internal Auditor performed an audit at the request of the University's President to determine the propriety of allegations regarding possible misappropriations of a federal financial aid ward administered by the University's Student Financial Aid Office. As a result of the internal auditor's audit, the following conditions were noted for one (1) out of the six (6) students tested. The student was a relative of the Student Financial Aid Director of the University.

- The student was awarded two (2) academic scholarships requiring a 3.00 grade point average but the Registrar's official records reflected a 2.54 grade point average;
- The student had an in-state residency status but was an out-of-state transfer student. The University's Admissions Office accepted a Louisiana Residence Application and granted the in-state residency without adequate documentation. The student indicated on the application that she lived with the SFA Director, and she was not her legal guardian. This resulted in an increase in the student's cost of attendance which allowed the student to receive additional Title IV aid that the student would not have otherwise been able to receive.
- The student incorrectly completed the Free Application for Federal Student Aid stating that she was an "orphan or ward of the court"; however, the student admitted that the information was incorrect.
- Prior to disbursement of the aid, the Dependency Override Committee did not review or approve the student's request for classification as an independent student prior to the beginning of the semester;
- The student was given an increase in their cost of attendance budget for transportation costs for the fall 2007 although, the student was not enrolled. No other student received an increase in their transportation cost. Professional judgment was used by the SFA Director because the relative flew home frequently; and
- The SFA Director made entries to the relative's financial aid records without explanations.

Management's Response

The Office of Student Financial Aid and Scholarships concur with the finding. We accept the Auditor's recommendations. To avoid reoccurrence of this finding, the following policies have been established in the Office of Student Financial Aid and Scholarships:

Response to Fiscal Year 2008 Findings

Management's Response Cont'd

1. Employees in the Student Financial Aid Office must notify the Director of Student Financial Aid that they have a relative attending Grambling State University. This information will be documented in the Policies and Procedural manual.
2. Employees in the Student Financial Aid Office cannot process any financial aid of a relative attending Grambling State University.
3. Employees in the Student Financial Aid Office who are enrolled at Grambling State University cannot process their financial aid. Another staff member must process the financial aid and notify the Director of Student Financial Aid of the transaction.

Response to Fiscal Year 2008 Findings

Finding 2008-4 – Matching

Condition and Perspective

We noted during our audit that grant personnel failed to properly document the match that is required by the grant agreement for the period July 1, 2007 through June 30, 2008.

Management's Response

The Grants and Contracts' staff documented the matching component of each grant that has matching requirement according to the policies that were in place during fiscal year 2008. At that time, the practice was to have principal investigators provide time and effort certification reports, at two points in the year, for services rendered in the past. As a result, the time and effort reports did not bear dates of the period when the services were actually rendered. Starting from January 1, 2009, the grants and contract director will ensure that time and effort reports are dated and submitted at the end of each pay period. During six (6) months functional review process, the Accounts Receivable staff will review the time and effort certification report to ensure that they are dated and submitted on a timely basis.

Response to Fiscal Year 2008 Findings

Finding 2008-5 – Allowable Cost

Condition and Perspective

We noted during our audit that grant personnel failed to follow prescribed procedures to ensure that indirect costs charged to grant program conform to guidelines contained in the grant agreement. We noted instances whereby amounts charged to grant programs exceeded the amounts allowed per grant agreements, as well as instances where amounts charged to grant programs was less than amounts allowed per the grant agreement.

Management's Response

We do not agree with this finding because our Indirect Cost Rate agreement is based on salaries and wages only. This provision implies that we can only apply our Indirect Cost Rate if there are salaries and wages on the grant and contract. In the grant that was referenced, there was no Indirect Cost because there were no charges to salaries and wages. We apply Indirect Cost Rate to applicable grants and contracts where there are salaries and wages.

Condition and Perspective Cont'd

We also noted that \$1275 of costs that were overdrawn by the University appeared to have been repaid but charged back to the program and subsequently drawn down again.

Cause

Grant personnel failed to follow established procedures which requires indirect cost charged to grant programs to be reconciled on a monthly basis to amounts per grant agreements.

Management's Response

We have reviewed the practice in the past fiscal year and do not see evidence to suggest otherwise; hence, we concur with this finding and starting January 31, 2009, the director of grants will review on a monthly basis the indirect cost amount charged to each relevant program to ensure that the amount is accurate. In cases where there is discrepancy, the director of grants will resolve this discrepancy and document how the discrepancy was resolved.

Response to Fiscal Year 2008 Findings

Finding 2008-6 – Federal Financial Reports/Cash Management

Conditions and Perspective

We noted that for the Fossil Energy Research and Development Grant, grant personnel failed to monitor draw downs and as such no funds were drawn down during the year.

We noted for the Higher Education-Institutional Aid program, that the difference between the drawn downs as reflected in the Grants Administration and Payment System (GAPS) did not reconcile to grant expenditures when considering accrued receivables. Grant receivables appear to be overstated by \$55,264.

Management's Response

We concur with this finding and have designed a measure that would ensure that appropriate cash draw downs are made in a timely manner. This measure will require the grant accountant to review the accounts receivable balances of each grant on a monthly basis and ensure that cash drawn downs are made at the instance of the principal investigators. Also, the principal investigators will be trained on cash management of their budgets which will include requesting the grant accountant to draw down funds as the revenue is earned. The training of the principal investigators will take place on the 27th of January 2009, and the grants accountant will start reviewing accounts receivable balances as a month-end closing procedure starting January 31, 2009.

Response to Fiscal Year 2008 Findings

Finding 2008-7 – Sub-Recipient Monitoring

Conditions and Perspective

During our audit, we noted that University personnel failed to monitor the activities of one (1) of one (1) sub-recipient selected for testing as a result of there being no monitoring plan in place.

Cause

The University failed to have procedures which require all sub-recipients to be fiscally and programmatically monitored during the year.

Management's Response

We concur with this finding, as a result, the vice president for finance and administration has asked the director of grants and contracts administration to review the requirements of all sub-recipient grants and contracts and develop a contract monitoring plan. This monitoring plan will take effect March 1, 2009.